Draft Amended ESRS S1 Own Workforce Exposure Draft UNAPPROVED Working document (ESRS S1 – V1.6)

DRAFTING PROCESS FOR THE WORKING DOCUMENTS SO FAR

The EFRAG SRB and SR TEG provided written comments on the "V.1" versions of the Secretariat working drafts prepared between the end of May and the first week of June. Based on those comments, the EFRAG Secretariat prepared the "V1.5" versions which were discussed in meetings mid-June by both EFRAG SR TEG and SRB.

Subsequently these versions were amended and critically reviewed by dedicated review panels. The review panels submitted the outcome of their work and the remaining points for discussion to the EFRAG SRB and ST TEG.

All agenda papers for the 9/10 July EFRAG SR TEG meeting and 14/16 July SRB meeting ("V.1.6") have been prepared by the Secretariat on the basis of (i) the "V1.5" working documents discussed by the EFRAG SRB and SR TEG, (ii) the review by the respective review panels within the SRB (with SR TEG experts when appropriate) and (iii) the subsequent discussions and decisions in the SRB. Step (i) and (ii) took place in the first week of July.
All comments shared by members in written on the "V1.5" working documents have been considered and incorporated when consistent with the SRB decisions.

DISCLAIMER ON THE STATUS OF THIS UNAPPROVED DOCUMENT

This working document does not represent an EFRAG view at this stage. This "V.1.6" draft is now made public as Working Document for the SR TEG discussions on 9/10 July and the SRB discussions on 14/16 July 2025. They are not to be considered as Exposure Drafts yet. They are unapproved and still subject to change reflecting the discussions in those meetings and for editorial and quality review that has not yet taken place. In addition, they are not accompanied by the necessary explanatory documents that are still being prepared and will accompany the Exposure Draft.
EFRAG recommends stakeholders that intend to contribute to the consultation to plan their review on the Exposure Drafts once they are issued, as they will benefit from the final content and from explanatory content.

REVISED STRUCTURE AND DRAFTING CONVENTIONS

As compared to the ESRS Set 1 (adopted in July 2023), the structure of the standards has been revised and streamlined. In particular:

- All the "shall disclose/shall include/shall report/shall describe/shall explain" have been considered and simplified. They are presented in the main body of the standard. They have been counted as separate datapoints.

- Below the text of each Disclosure Requirement in topical standards (or section for ESRS 1), boxed content presents the streamlined corresponding mandatory methodological guidance, which is still named “Application Requirements” (AR). This includes “shall consider” as element of methodology for preparing the disclosure and “may (present)” for presentation options.
- Non mandatory appendices have been maintained in ESRS 1 on an exceptional basis, given their importance (former AR 16).
- All the “may” disclosures have been either eliminated or moved to another category (either deleted or moved to guidance), except for a few of them which are exceptionally still being considered.
- All the non-mandatory content has been moved to separate documents named “Non-Mandatory Illustrative Guidance” (NMIG). While the four points above are drafted to become part of the delegated act, the legal status of the NMIG remains open from an EFRAG’s standpoint (either as appendices in the delegated act or as documents issued independently of the delegated act) and will be considered by the EC in due course.

HOW TO READ THIS DOCUMENT

The paragraph numbering has been revised to reflect the draft amendments. Where applicable, the previous Set 1 paragraph numbers are indicated in brackets – for example, ‘4. (24)’ or ‘4. (24. amended)’.

Objective

1. When reporting in accordance with ESRS, the ***sustainability statement*** shall cover information in relation to ESRS S1 ***''Own Workforce''***, when this ***topic*** relates to ***material impacts***, ***risks*** and ***opportunities***. The disclosure on the material impacts, risks and opportunities is expected to cover ***policies***, ***actions*** and ***targets*** (if in place), ***dependencies*** when relevant, ***metrics*** and ***financial effects.***

2. The objective of this Standard is to specify disclosure Requirements in relation to these items of information that are not covered in ESRS 2. It is also to enable ***users*** to understand the extent to which the undertaking aligns or complies with international and European human rights instruments and conventions, including the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and ILO fundamental conventions, the UN Convention on Persons with Disabilities, the European Convention of Human Rights, the revised European Social Charter, the Charter of Fundamental Rights of the European Union, the EU ***policy*** priorities as set out by the European Pillar of Social Rights, and Union legislation, including the EU labour law acquis.

3. When only one of the ***sub-topics*** covered by this Standard is material, the undertaking shall report only on that sub-topic. This does not apply to disclosure requirements S1-5, S1-6 and S1-16, which shall be applied whenever an undertaking concludes that ***Own Workforce*** is material.

4. This Standard also requires an explanation of the undertaking's general approach to identifying and managing any ***material actual*** and ***potential impacts***, ***risks and opportunities*** on its ***own workforce*** in relation to the following ***sub-topics***:

   (a) working conditions (***adequate wages***, ***work-life balance***, working time, secure employment, including ***social protection***)

   (b) collective bargaining**,** freedom of association and ***social dialogue***

   (c) health and safety

   (d) ***training*** and skills development;

   (e) ***equal treatment*** and diversity (gender equality, equal *pay* for equal work, employment and inclusion of people with disabilities, non-discrimination, anti-harassment);

   (f) other labour related human rights (child labour, forced labour, privacy and adequate housing).

5. The undertaking shall apply the provisions of ESRS 2 paragraphs from 30 to 33 and GDR- P, GDR-A and GDR-T. In particular:

   (a) If the undertaking has not adopted *polices*, *actions* or *targets* with regard to a ***topic*** related to ***material impacts, risks*** and ***opportunities*** it shall disclose this fact.

   (b) The undertaking may present the description of its *material impacts*, *risks* and ***opportunities***, in accordance with ESRS 2 IRO 2, alongside information about its *policies*, ***actions***, ***targets*** and metrics through which it addresses them, to avoid duplication and support a coherent narrative.

6. In this standard, each Disclosure Requirement is introduced by a disclosure objective, with the exception of ***policies***, ***actions*** and ***targets***, for which the provisions in GDR- P, GDR-A and GDR-T provides the necessary framing for the relevant disclosures.

7. An undertaking's ***own workforce*** includes both people who are in an employment relationship with the undertaking ("***employees***") and ***non-employees*** who are either people with contracts with the undertaking to supply labour ("self-employed people") or people provided by undertakings primarily engaged in "employment activities" (NACE Code N78). Information about non-employees in accordance with this Standard shall not affect their status under applicable labour law. This Standard does not cover workers in the undertaking's upstream or downstream ***value chain***. These workers are covered in ESRS S2 *Workers in the value chain*.

8. ***Non-employees*** that fall within the scope of ***Own Workforce*** include:

   (a) Contractors (self-employed persons) in the undertaking's own workforce. They include:

i. Contractors hired by the undertaking to perform work that would otherwise be carried out by an ***employee***
ii. Contractors hired by the undertaking to perform work in a public area (e.g., on a road, on the street).
iii. Contractors hired by the undertaking to deliver the work/service directly at the workplace of a client of the undertaking.

(b) People employed by a third party engaged in ‘employment activities. They include people who perform the same work that employees carry out, such as:

i. people who fill in for employees who are temporarily absent (due to illness, holiday, parental leave, etc.);
ii. people performing work additional to regular employees; iii. people who are dispatched temporarily from another EU member state to work for the undertaking (‘posted workers’).
iii. people who are dispatched temporarily from another EU member state to work for the undertaking (‘posted workers’).

9. ***Value chain workers*** (i.e. workers that are not part of the undertaking’s ***own workforce*** and who therefore fall under ESRS S2) include:

(a) workers for a ***supplier*** contracted by the undertaking who work on the supplier’s premises using the supplier’s work methods;

(b) workers for a ‘downstream’ entity which purchases goods or services from the undertaking; and

(c) workers of an equipment ***supplier*** to the undertaking who, at one or more of the undertaking’s workplaces, perform regular maintenance on the supplier’s equipment (for example, photocopier) as stipulated in the contract between the equipment supplier and the undertaking. (OLD AR 3 and AR 62)

Interaction with other ESRS

10. The reporting under this Standard shall be consistent, coherent and where relevant clearly linked with reporting on the undertaking’s ***own workforce*** under ESRS S2 *Workers in the value chain*.

Disclosure requirements

Impact, risk and opportunity management

Disclosure Requirement S1-1 – Policies related to Own workforce

11. The undertaking shall describe its ***policies*** for managing the ***material impacts***, ***risks*** and ***opportunities*** related to its ***own workforce*** in accordance with ESRS 2 GDR-P. It shall state whether these ***policies*** cover specific groups within its own workforce (for example, ***employees*** working in a particular factory or geography) or all of its own workforce.

12. (22 amended) If the undertaking is connected through its own operations to ***material impacts***, ***risks*** and ***opportunities*** regarding trafficking in human beings, ***forced labour*** or compulsory labour and ***child labour***, it shall state whether its ***policies*** in relation to its ***own workforce*** explicitly address these issues[1].

[1] This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #11 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Lack of processes and measures for preventing trafficking in human beings”).

13. (23 amended) The undertaking shall state whether it has a ***policy*** or management system for safeguarding the health and safety of its ***own workforce*** at work and preventing occupational ***risks***[2].

APPLICATION REQUIREMENTS – AR

AR 1 for paragraph 12	(AR 14 amended) The channels the undertaking uses to communicate its ***policies*** to the individuals, groups of individuals or entities for whom they are relevant, either because they are expected to implement them (for example, the undertaking's ***employees***, contractors and ***suppliers***), or because they have a direct interest in their implementation (for example, people in its ***own workforce***, investors) can be described as contextual information.

Disclosure Requirement S1-2 –Engagement with own workforce and workers' representatives, existence of channels for own workers to raise concerns or needs and approaches to remedy

14. (26 amended) The objective of this Disclosure Requirement is to enable an understanding of the undertaking's general approach to engagement with its ***own workforce***, the availability of channels, including ***grievance mechanisms***[3], and ***remedy***.
15. (27 amended) The undertaking shall disclose how it engages directly with its ***own workforce*** or ***workers' representatives*** and how the perspectives of its own workforce inform its decisions or activities aimed at managing the actual and ***potential impacts*** on its own workforce during the reporting year. This shall include, where relevant:
    (a) (28 amended) how it gains insight into the perspectives of people in its own workforce who may be particularly vulnerable to impacts and/or marginalised (for example, women, migrants, people with disabilities); and
    (b) the ***Global Framework Agreements (GFA)*** or other outcomes that the undertaking has reached with workers' representatives related to the respect of human rights of its own workforce.
16. The undertaking shall describe the channels it has for its ***own workforce*** to bring their concerns or needs directly to the attention of the undertaking and have them addressed. In particular, it shall state whether it has a ***grievance mechanism***. It shall also explain how it assesses the effectiveness of these channels.
17. The undertaking shall describe its general approach to and processes for providing or contributing to ***remedy*** where it has caused or contributed to a material negative ***impact*** on people in its ***own workforce***.

APPLICATION REQUIREMENTS – AR

AR 2 for paragraph 14	The engagement with the ***own workforce*** can take different forms such as information, consultation or participation and frequency.

[2] This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impact as set out by indicator #1 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Investments in companies without workplace accident prevention policies").

[3] This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #5 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Lack of grievance/complaints handling mechanisms related to employee matters).

AR 3 for paragraph 16	(AR 28 amended) Channels for raising concerns or needs under paragraph 16 are formal structures with dedicated processes through which the undertaking's ***own workforce*** can raise their concerns or needs. They include ***grievance mechanisms***, hotlines, trade union or staff representatives at workplace level, works councils, dialogue processes, as well as, under certain circumstances, whistleblowing mechanisms. When whistleblowers mechanisms are reported to be used under paragraph 16, relevant information include whether they are limited to breaches of internal rules, including codes of ethics or conduct or the undertaking's workforce to raise wider concerns or needs.
AR 4 for paragraph 16	(32 amended) With regards to paragraph 16 on assessing the effectiveness of the channels, the "effectiveness criteria for non-judicial ***grievance mechanisms***", as laid out in the UN Guiding Principles on Business and Human Rights, in particular principle 31, can be used. When the undertaking has ***policies*** for protecting individuals that use these channels against retaliation, including ***workers' representatives*** and it is disclosed in ESRS G1-1, the undertaking may refer to that disclosure.
AR 5 for paragraph 16	Third party mechanisms include those operated by a government, NGO, industry association or other collaborative initiative. When such mechanisms are used, disclosure on their effectiveness, as per AR 4, is of particular relevance.
AR 6 for paragraph 17	(AR 28 amended) 'Processes' for providing or contributing to ***remedy*** include formalised steps or criteria that are followed in order to ensure that concerns or needs or complaints are adequately addressed, including, where relevant, by providing or contributing remedy for ***actual impacts***. Such processes can also include channels to raise concerns or needs as reported at paragraph 16 as such channels can provide for or contribute to remediation.

Disclosure Requirement S1-3 Actions and Resources related to Own workforce

18. (37 amended) The undertaking shall describe the key actions and resources to manage its ***material impacts***, ***risks*** and ***opportunities*** related to its ***own workforce*** in accordance with ESRS 2 GDR-A.

19. (38 amended) In relation to the material ***impacts*** related to its ***own workforce***, the undertaking shall describe:
    (a) key **actions** taken, planned or underway to prevent, mitigate or remediate material negative impacts on its own workforce, including the approach in situations where tensions arise between such actions and other business pressures;

    (b) how it tracks and assesses the effectiveness of these ***actions*** and initiatives in delivering outcomes for its own workforce. This disclosure can be omitted if the undertaking discloses how it tracks effectiveness of its actions in accordance with GDR-T or GDR-M. In that case, a reference to that disclosure is sufficient.

APPLICATION REQUIREMENTS – AR

AR 7 for paragraph 18	The undertaking can be connected to an ***impact*** in different ways. The undertaking may cause or contribute to a material impact, or the material impact may be directly linked to its own operations, products or services through a ***business relationship***. The undertaking's key ***actions*** may vary depending on such connections, including actions to remedying impacts as well as seeking to use ***leverage*** in its business relationships to manage those impacts. Such actions include collective actions such as multistakeholder and/or industry initiatives.
AR 8 for paragraph 19	(AR 43 amended) The undertaking can describe the measures taken to mitigate negative ***impacts*** on its ***own workforce*** that arise from the transition to a greener, climate-neutral economy, and in the case of downscaling or mass dismissal, measures, intra-company placements and early retirement plans. In addition, present and/or expected external developments that influence whether ***dependencies*** turn into ***risks*** for just transition is another aspect that could lead to ***actions***. This includes measures that derived from regulation.

<u>Metrics and targets</u>

Disclosure Requirement S1-4 – Targets related to Own Workforce

20. (46 amended) If the undertaking evaluates the effectiveness of its ***policies*** and ***actions*** for managing ***topics*** associated with ***material impacts***, ***risks*** and ***opportunities*** related to its ***own workforce*** through qualitative and/or quantitative ***targets***, it shall describe them in accordance with ESRS 2 GDR-T.
21. (47 amended) When disclosing in accordance with ESRS 2 GDR-T, the undertaking shall disclose whether and how it engaged directly with its ***own workforce*** or ***workers' representatives*** during the reporting period for the purpose of:
    (a) setting any such ***targets***;
    (b) tracking the undertaking's performance against the ***targets***.

APPLICATION REQUIREMENTS – AR

AR 9 for paragraph 20	(AR 52 amended) When disclosing the ***targets*** for the year, there could be situations when a modification or replacement of prior year targets by cross-referencing to significant changes in the ***business model*** or to broader changes in the accepted standard or legislation from which the target is derived to provide contextual information as per ESRS 2 BP-2 Disclosures in relation to specific circumstances.

Disclosure Requirement S1-5 – Characteristics of the undertaking's employees

22. (49 amended) The objective of this Disclosure Requirement is to provide insight into the undertaking's approach to employment, including the scope and nature of ***material impacts***, ***risks*** and ***opportunities*** arising from its employment practices, providing insight into the security of employment. As well as to provide contextual information that enables an understanding of the information reported in other disclosures, and to serve as the basis for calculation for quantitative ***metrics*** to be disclosed under other disclosure requirements in this Standard.

23. (50 amended) The undertaking shall disclose:

(a) the total number of ***employees*** by head count, and breakdowns by gender and by country for the countries in which the undertaking has 50 or more employees and that are the ten largest countries in terms of employee numbers for the undertaking;

(b) the total number by head count or full time equivalent (FTE) of:

i. permanent ***employees***, and breakdown by gender;

ii. temporary employees and breakdown by gender; and

iii. non-guaranteed hours employees.

(c) the rate of ***employee*** turnover in the reporting period.

(d) a qualitative explanation in case of inconsistency between information reported under paragraph (a) above and the most representative number in the financial statements.

24. (AR 56 amended) The definitions of permanent, temporary, non-guaranteed hours, full-time, and part-time ***employees*** differ between countries. If the undertaking has employees in more than one country, it shall use the definitions as per the national laws of the countries where the employees are based to calculate country-level data. The country-level data shall then be added up to calculate total numbers, disregarding differences in national legal definitions.

APPLICATION REQUIREMENTS – AR

AR 10 for paragraph 23 (b)	The undertaking's method for compiling the ***employee*** data (for example, end of reporting year or average) can provide contextual information.
AR 11 for paragraph 23(a)	(AR 55 amended) The undertaking shall present the requested disclosures either in a narrative format or in the following tabular formats: *Table 1: Template for presenting information on* ***employee*** *head count by gender.* In some Member States it is possible for persons to legally register themselves as having a third gender, which is categorised as "other" in the table above. However, if the undertaking is disclosing data about employees where this is not possible, it may explain this and indicate that the "other" category is not applicable. *Table 2: Template for presenting employee head count in countries where the undertaking has at least 50 employees representing at least 10% of its total number of employees.*
AR 12 for paragraph 23(b)	(AR 55 amended) The undertaking shall present the information either as narrative text or using the following table. *Table 3: Template for presenting information on* ***employees*** *by contract type, broken down by gender (head count or FTE)* In some countries, non-guaranteed hours contracts may be considered permanent or temporary contract, according to national legislation.
AR 13 For paragraph 23(c)	(AR 59 amended) For the ***employee*** turnover calculation, the undertaking shall calculate the aggregate of the number of *employees* who leave voluntarily or due to dismissal, retirement, or

	death in service. The undertaking shall use this number for the numerator of the employee turnover rate and the average employee headcount in the denominator.

Disclosure Requirement S1-6 – Characteristics of non-employees in the undertaking's own workforce

25. (54 amended) The objective of this Disclosure Requirement is to provide an understanding of how much the undertaking relies on ***non-employees*** as part of its workforce.
26. (55 amended) The undertaking shall disclose the total number of ***non-employees*** in the undertaking's ***own workforce.***

APPLICATION REQUIREMENTS – AR

AR 14 for paragraph 26	This Disclosure Requirement is applicable when ***non-employees*** are a significant driver of ***impacts***, ***risks*** and ***opportunities*** related to ***own workforce***. This situation arises when non-employees are a key part of the undertaking's ***business model***, for example when used to provide flexible labour used in key processes, or when used instead of ***employees*** to provide cost advantages employees. ***Dependencies*** on non-employees due to the business model can be a risk for the undertaking, particularly when the reliance on non-employees is increasing, for example due to changes in labour market regulations. The use of non-employee can also be a significant driver of negative impacts when non-employee workers make up a substantial proportion of own workforce or where ***potential*** or ***actual*** negative ***impacts*** are large in relation to employees.
AR 15 for paragraph 26	If the undertaking cannot report exact figures, it shall apply the provision in relation to ESRS 1 on estimates. (OLD AR 63)

Disclosure Requirement S1-7 – Collective bargaining coverage and social dialogue

27. (59 amended) The objective of this Disclosure Requirement is to enable an understanding of the coverage of collective bargaining agreements and ***social dialogue*** for the undertaking's ***employees***.
28. (60 amended) The undertaking shall disclose:

    (a) the percentage of its total *employees* covered by *collective bargaining* agreements;

    (b) in the EEA, whether it has one or more collective *bargaining agreements* and, if so, the overall percentage of its *employees* covered by such agreement(s) for each country in which it has significant employment, defined as at 50 or more employees by headcount and that are the ten largest countries in terms of employee numbers for the undertaking; and

    (c) outside the EEA, the percentage of its employees covered by collective bargaining agreements by region.

29. (63 amended) The undertaking shall disclose the following information in relation to ***social dialogue*** for EEA countries:

    (a) the global percentage of *employees* covered by ***workers' representatives***, reported at the country level for each EEA country in which the undertaking has significant employment as calculated in accordance with paragraph 28 (b) above; and

(b) where applicable, the existence of any agreement with its ***employees*** for representation by a European Works Council (EWC), a Societas Europaea (SE) Works Council, or a Societas Cooperativa Europaea (SCE) Works Council.

APPLICATION REQUIREMENTS – AR

AR 16 for paragraph 28 (a)	(AR 66 amended) The percentage of ***employees*** covered by ***collective bargaining*** agreements is calculated using the following formula: $\text{Number of employees covered by collective bargaining agreements}$ ______________________________________ x 100 $\text{Number of employees}$ (AR 67 amended) The ***employees*** in the undertaking's ***own workforce*** covered by ***collective bargaining*** agreements are those individuals to whom the undertaking is obliged to apply the agreement. This means that if none of the employees are covered by a collective bargaining agreement, the percentage reported is zero. An employee in the undertaking's own workforce covered by more than one collective bargaining agreement only needs to be counted once.
AR 17 for paragraph 28	(AR 70 amended) The undertaking shall present the information in a narrative format or following the table below: *Table 1: Reporting template for **collective bargaining** coverage and **social dialogue*** (
AR 18 for paragraph 29 (a)	(AR 69 amended) For calculating the information required by paragraph 30(a), the undertaking shall identify in which European Economic Area (EEA) countries it has significant employment. For these countries it shall report the percentage of ***employees*** in that country which are employed in establishments in which employees are represented by ***workers' representatives***. Establishment is defined as any place of operations where the undertaking carries out a non-transitory economic activity with human means and goods. Examples include: a factory, a branch of a retail chain, or an undertaking's headquarters. For countries in which there is only one establishment, the percentage reported shall be either 100% or 0%. $\text{Number of employees working in establishments with workers' representatives}$ ______________________________________x 100 $\text{Number of employees}$

Disclosure Requirement S1-8 – Diversity metrics

30. (65 amended) The objective of this Disclosure Requirement is to enable an understanding of gender diversity at top management level.
31. (66a amended) The undertaking shall disclose the gender distribution in number (headcount) and percentage at top management level.

APPLICATION REQUIREMENTS – AR

AR 19 for paragraph 31	(AR 71 amended) In preparing the disclosure on gender at top management, the undertaking shall use the definition of top management as one and two levels below the administrative and supervisory bodies unless this concept has already been defined with the undertaking's operations and differs from the previous description. If this is the case, the undertaking can use its own definition for top management and disclose that fact.

Disclosure Requirement S1-9 – Adequate wages

32. (68 amended) The objective of this Disclosure Requirement is to enable an understanding of whether or not the undertaking's ***employees*** are paid an ***adequate wage***.
33. (69 amended) The undertaking shall disclose whether or not its ***employees*** are paid an ***adequate wage***. If employees are not paid an adequate wage, it shall disclose the countries and percentage of employees concerned.

APPLICATION REQUIREMENTS – AR

AR 20 for paragraph 33	(69 amended) If all ***employees*** are paid an ***adequate wage***, stating this is sufficient to fulfil this requirement and no further information is needed.
AR 21 for paragraph 33	(AR 72 amended) The basis of this calculation is lowest ***wage*** within the undertaking's ***employees***, excluding interns and apprentices. This is to be based on the basic wage plus any fixed additional payments that are guaranteed to all employees. The lowest wage shall be considered separately for each country in which the undertaking has operations, except outside the EU when the relevant adequate or minimum wage is defined at a sub national level.
AR 22 for paragraph 33	The ***adequate wage*** benchmark used for comparison with the lowest ***wage*** shall not be lower than: (a) in the EU: the wage level established through ***collective bargaining***, or the statutory minimum wage set in accordance with Directive (EU) 2022/2041 of the European Parliament and of the Council[4] on adequate minimum wages in the European Union. (b) Outside of the EU:

4 Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union (OJ L 275, 25.10.2022, p. 33).

	i. the wage level established through ***collective bargaining***, or the statutory minimum wage established by legislation or collective bargaining agreement which is periodically reviewed/adjusted every two years and takes into account the ILO wage setting principles. ii. If an adequate minimum wage does not exist, any living wage estimate produced by an institution mandated by the public authorities of the country where the workers are based and which takes into account the ILO principles on estimating a living wage. iii. if none of the instruments identified in (i) or (ii) exist, any existing living wage estimate, which takes into account the ILO principles on estimating a living wage. (AR 73 amended) The ***adequate wage*** benchmark used under points i), ii) or iii) should take into account both needs of workers and their families, as well as economic factors, as stated in the ILO Minimum Wage Fixing Convention No.131.

Disclosure Requirement S1-10 – Social protection

34. (73 amended) The objective of this Disclosure Requirement is to enable an understanding of whether the undertaking's employees are covered by ***social protection*** against loss of income due to major life events, and, if not, the countries where this is not the case.
35. (74 amended) In situations where an undertaking's ***employees*** lack ***social protection***, through public programs or through benefits offered by the undertaking, with regard to one or more of the four major life events listed below, the undertaking shall disclose the countries where employees lack those protections for the following major life events:

    (a) sickness;

    (b) unemployment starting from when the own worker is working for the undertaking;

    (c) employment injury and acquired disability;

    (d) maternity leave.

Disclosure Requirement S1-11– Persons with disabilities

36. (78 amended) The objective of this Disclosure Requirement is to enable an understanding of the extent to which ***persons with disabilities*** are included among the undertaking's employees.
37. (79 amended) The undertaking shall disclose the percentage of ***persons with disabilities*** amongst its employees subject to legal restrictions on the collection of data.

APPLICATION REQUIREMENTS – AR

AR 23 for paragraph 37	The disclosure requirement about ***persons with disabilities*** requires the undertaking to only report data that can be lawfully collected. Disability status depends on the national legal definitions and the undertaking may have used a common definition across the various countries where it operates or the local definitions that. (AR 76 amended) In addition, the undertaking can provide contextual information in relation to the methodology followed to collect data on persons with disabilities, for example, voluntary ***employee*** surveys or the information from the mandatory disability quotas reported by the undertaking.

Disclosure Requirement S1-12 – Training and skills development metrics

38. (82 amended) The objective of this Disclosure Requirement is to enable an understanding of the ***training*** and skills development-related activities that have been offered to ***employees***, within the context of continuous professional growth, to upgrade employees' skills and facilitate continued employability.
39. (83 amended) The undertaking shall disclose:
    (a) the percentage of *employees* that participated in regular performance and career development reviews;
    (b) the average number of training hours per *employee*.

APPLICATION REQUIREMENTS – AR

AR 24 for paragraph 39 (a)	(AR 77 amended) A regular performance review is defined as a review based on criteria known to the ***employee*** and his or her superior undertaken with the knowledge of the employee at least once per year. The review can include an evaluation by the worker's direct superior, peers, or a wider range of employees. The review can also involve the human resources department. In order to disclose the information required by paragraph 40 (a), the undertaking shall use the employee headcount figures provided in Disclosure Requirement ESRS S1-6 in the denominator as follows: $(\#\ employees\ who\ participated\ in\ regular\ performance\ review\ /\ \#\ employees\ according\ to\ S1-6)\ *\ 100.$
AR 25 for paragraph 39 (b)	(AR 78 amended) The average number of ***training*** hours required by paragraph 36 (b) shall be calculated as follows: total number of training hours offered to and completed by ***employees*** divided by the total number of employees. For the total training average, the head count figures for total employment reported in Disclosure Requirement ESRS S1-6 shall be used.

Disclosure Requirement S1-13 – Health and Safety metrics

40. (87 amended) The objective of this Disclosure Requirement is to allow an understanding of the coverage, quality and performance of the health and safety management system established to prevent ***work-related accidents***, ill-health, and fatalities for the undertaking.
41. (88 amended) The undertaking shall disclose the following information, where applicable broken down between ***employees*** and ***non-employees*** in the undertaking's ***own workforce***:
    (a) the percentage of people in its own workforce who are covered by the undertaking's health and safety management system based on legal requirements and/or recognised standards or guidelines;

(b) the sum of (i) the number of fatalities from work-related injuries among everybody in the undertaking's own workforce as well as other workers that work on the undertaking's *sites* and (ii) the number of fatalities from work-related ill health among its own employees;[5]

(c) the number and rate of recordable *work-related accidents*[6];

(d) with regard to the undertaking's employees, the number of cases of recordable work-related ill health, subject to legal restrictions on the collection of data; and

(e) with regard to the undertaking's employees, the number of days lost to work-related injuries, *recordable work-related accidents* and work-related ill health.[7]

APPLICATION REQUIREMENTS – AR

AR 26 for paragraph 41 (a)	(AR 80 amended) In relation to paragraph 38(a), the percentage of its ***own workforce*** who are covered by the undertaking's health and safety management system shall be disclosed on a head count basis rather than a full-time equivalent basis.
AR 27 for paragraph 41 (c)	(AR 89 amended When computing the rate of work-related injuries, the undertaking shall divide the number of cases by the number of total hours worked by people in its ***own workforce*** and multiplied by 1,000,000. This represents the number of cases per one million hours worked and roughly corresponds to the total hours worked by 500 full-time workers in one year. (AR 90 amended) If the undertaking uses estimates it shall use normal or standard hours of work, taking into account entitlements to periods of paid leave of absence from work (for example, paid vacations, paid sick leave, public holidays) and explain this in its disclosures.
AR 28 for paragraph 41 (c)	(AR 91 amended) The undertaking shall include fatalities that result from work-related injury in the number and rate of recordable work-related injuries.
AR 29 for paragraph 41(d)	(AR 93 amended) 'Cases of work-related ill health' in paragraph 41(d) means cases of which the undertaking has been informed by affected people, compensation agencies or healthcare professionals or cases that it has identified through medical surveillance during the reporting

[5] This information supports the information needs of benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator "Weighted average ratio of accidents, injuries, fatalities" in section 1 and 2 of Annex II. This information supports the information needs of financial market participants subject to benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator "Weighted average ratio of accidents, injuries, fatalities" in section 1 and 2 of Annex II.

[6] This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #2 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Rate of accidents")

[7] This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #3 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Number of days lost to injuries, accidents, fatalities or illness").

	period. In this context, work-related musculoskeletal disorders are covered under work-related ill health (and not injuries). (AR 94 amended) The disclosure may include cases of work-related ill health that were detected during the reporting period among people who were formerly in the undertaking's workforce.
AR 30 for paragraph 41 (e)	(AR 95 amended) The number of days lost shall include the first full day and the last day of absence. Calendar days must be used for the count. Days on which the affected individual is not scheduled for work (for example, weekends, public holidays) will therefore count as lost days.

Disclosure Requirement S1-14 – Work-life balance metrics

42. (92 amended) The objective of this Disclosure Requirement is to provide an understanding of the entitlement and actual practices amongst the ***employees*** to take ***family-related leave*** in a gender equitable manner, as it is one of the dimensions of ***work-life balance***.
43. (93 amended) The undertaking shall disclose the percentage of ***employees*** entitled to take ***family-related leave***.

APPLICATION REQUIREMENTS – AR

AR 31 for paragraph 43	If all of the undertaking's ***employees*** are entitled to ***family-related leave*** through social ***policy*** and/or ***collective bargaining*** agreements, it is sufficient to disclose this in order to meet the requirement of paragraph 44. (former paragraph 94)
AR 32 for paragraph 43	(AR 97 amended) With regard to paragraph 43, ***employees*** entitled to ***family-related leave*** are those who are covered by regulations, organisational ***policies***, agreements, contracts or ***collective bargaining*** agreements that contain family-related leave entitlements and have reported their entitlement to the undertaking, or the undertaking is aware of the entitlement.

Disclosure Requirement S1-15 – Remuneration metrics

44. (96 amended) The objective of this Disclosure Requirement is twofold: to allow an understanding of the extent of any gap in the ***pay*** between women and men amongst the undertaking's ***employees***; and to provide insight into the level of remuneration inequality inside the undertaking and whether wide pay disparities exist.
45. (97 amended) The disclosure shall disclose:

    (a) the gender *pay* gap, defined as the difference of average pay levels between female and male *employees*, expressed as percentage of the average pay level of male employees;[8]

[8] This information supports the information needs of: financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by indicator #12 in Table I of Annex

(b) the *annual total remuneration* ratio of the highest paid individual to the median annual total remuneration for all *employees* (excluding the highest-paid individual).[9]

APPLICATION REQUIREMENTS – AR

AR 33 for paragraph 45 (a)	(AR 98 amended) When compiling the information required under paragraph 45(a) for the gap in ***pay*** between its female and male ***employees*** (also known as the “gender pay gap”) the undertaking shall use the following methodology: (a) include all male and female employees’ gross hourly pay level; and (b) apply the following formula to calculate the gender pay gap: $\frac{(Average\ gross\ hourly\ pay\ level\ of\ male\ employees - average\ gross\ hourly\ pay\ level\ of\ female\ employees)}{Average\ gross\ hoursly\ pay\ level\ of\ male\ employees} * 1000$
AR 34 for paragraph 45(a)	(AR 99 amended) When disclosing the information in accordance with paragraph 45, the methodology or how the data has been compiled) is contextual information that can be provided by the undertaking.
AR 35 for paragraph 45(a)	(AR 100 amended) The measure of the undertaking’s gender ***pay*** gap shall be reported for the current reporting period and, if reported in previous sustainability reports, for the previous two reporting periods.
AR 36 for paragraph 45(b)	(AR 101 amended) When compiling the information required by paragraph 45(b), the undertaking shall: (a) include all ***employees***; (b) consider, depending on the undertaking’s remuneration ***policies***, all of the following: i. base salary, which is the sum of guaranteed, short-term, and non-variable cash compensation; ii. benefits in cash, such as cash allowances, bonuses, commissions, cash profit-sharing, and other forms of variable cash payments; iii. benefits in kind, such as cars, private health insurance, life insurance, wellness programs; and iv. total fair value of all annual long-term incentives (for example, stock option awards, restricted stock shares or units, performance stock shares or units, phantom stock shares, stock appreciation rights, and long-term cash awards). (c) apply the following formula for the ***annual total remuneration*** ratio:

I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Unadjusted gender pay gap”); and benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator “Weighted average gender pay gap” in section 1 and 2 of Annex II.

[9] This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #8 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Excessive CEO pay ratio”).

	$$\frac{\textit{Annual total}\ \text{remuneration}\ \textit{for the undertaking's highest paid individual}}{\textit{Median employee annual total}\ \text{remuneration}\ (\textit{excluding the highest-paid individual})}$$

Disclosure Requirement S1-16 –Incidents of discrimination and other human rights incidents

46. (101 amended) The objective of this Disclosure Requirement is to allow an understanding of the extent to which ***incidents*** of ***discrimination*** and other human rights incidents, are affecting the undertaking's ***own workforce***.
47. (103 amended) The undertaking shall disclose:
    (a) subject to the relevant privacy regulations, the total number of *incidents* of discrimination at work on the grounds of gender, racial or ethnic origin, nationality, religion or belief, disability, age, sexual orientation, or other relevant forms of discrimination, including ***harassment***, reported in the reporting period;-
    (b) subject to the relevant privacy regulations, the number of human rights *incidents*~~,~~ excluding those that relate to *discrimination* and reported according to para 44 (a, connected to its *own* ***workforce*** that it has identified in the reporting period; and-
    (c) the total amount of fines, penalties and compensation for damages for the ***incidents*** described under paragraphs 47(a) and 47(b).

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AR 37 for paragraph 47(b)	The human rights ***incidents*** in scope for this disclosure are those that relate to non-respect of internationally recognised human rights (same list as in ESRS 2 human rights ***policies*** and CSRD art 29 point 3 – respect for human rights.)
AR 38 for paragraph 47	***Incidents*** referred to in paragraphs 47(a) and 47(b) include the number of substantiated instances of: (a)judicial and non-judicial proceedings that have been initiated (such as cases in front of domestic courts, mediation, complaints filed with the National Contact Points for OECD Multinational Enterprises); and/or (b) incidents registered directly with the undertaking by a third party or which it identified through its internal processes or through public media and other reports.
AR 39 for paragraph 47	When disclosing under paragraph 47, information regarding the following aspects can be provided as contextual information: (a) the contextual circumstances that can support the interpretation of the disclosure. In particular, there is recognition that an increase in ***incidents*** being reported by or to the undertaking may reflect positive improvements in the effectiveness, including availability, of channels to raise concerns, including ***grievance mechanisms***; and (b) the methodology it has used to compile the data on the ***incidents*** referred to in 47(a) and 47(b).
AR 40 for paragraphs 47(a) and 47 (b)	The way the undertaking has addressed or is addressing ***incidents*** referred to in paragraphs 47(a) and 47(b) can be disclosed under S1-3.

AR 41 for paragraph 47 (c)	This figure derives from data used in the preparation of the financial statements, but no formal reconciliation nor cross-referencing with the financial statements is required in the ***sustainability statement***. 'Fines, penalties, and compensation' refer to those imposed on the undertaking through administrative or judicial proceedings.

Appendix I: Voluntary disclosures

S1-15 Remuneration metrics - Voluntary disclosure
V1 former paragraph 42 (a) The undertaking may disclose the gender ***pay*** gap as defined in paragraph 42(a) adjusted by ***employee*** category and may also disclose a breakdown by country/segment. The undertaking may also disclose the gender pay gap between employees by categories of employees broken down by ordinary basic salary and complementary or variable components.